



Asia's Largest LCC records profit growth across the board – Revenue up 15% YoY; Net Operating Profit up 18% YoY

3Q12 Continues to Defy Industry:

- Revenue : RM 1.24 billion (up 14% YoY)
- Net Operating Profit : RM 205.04 million (up 18% YoY)
- Profit After tax : RM 157.81 million (up 4% YoY)
- Deposits, Bank and Cash Balances : RM 2.2 billion
- Passengers : 4.75 million (up 9% YoY)

- Thai AirAsia:
 - Revenue : THB 4.43 billion (up 17% YoY)
 - Operating Profit : THB 230.7 million (up 18% YoY)
 - Profit After Tax : THB 199.05 million (up 3% YoY)
 - Passengers : 1.96 million (up 22% YoY)

- Indonesia AirAsia:
 - Revenue : IDR 1,200.4 billion (up 12% YoY)
 - Operating Profit : IDR 138.27 billion (up 715% YoY)
 - Profit After Tax : IDR 74.48 billion (up 390% YoY)
 - Passengers : 1.51 million (up 8% YoY)

YTD September 2012 Results:

- Revenue : RM 3.59 billion (up 12% YoY)
- Net Operating Profit : RM 503.95 million (up 7% YoY)
- Profit After tax : RM 1.53 billion (up 18% YoY)
- Passengers : 9.72 million (up 257% YoY)

- Thai AirAsia:
 - Revenue : THB 13.73 billion (up 17% YoY)
 - Passengers : 6.03 million (up 20% YoY)

- Indonesia AirAsia:
 - Revenue : IDR 3,098.26 billion (up 12% YoY)
 - Passengers : 4.23 million (up 13% YoY)



LOW COST TERMINAL SEPANG, 21 November, 2012 – AirAsia Berhad (“AirAsia” or the “Company”) today reported its results for the third quarter ended 30 September 2012.

The Company posted another record quarter revenue of RM1.24 billion, up 14% from a revenue of RM1.08 billion reported in the same quarter last year. The growth was attributed to the increase in the number of passengers carried which grew 9% to 4.75 million and increase in capacity as the number of aircraft operating in Malaysia increased to 59. Despite the 10% increase in capacity, demand in terms of seat load factor remained solid at 77% for 3Q12.

Net operating profit was reported at RM205.04 million, a commendable increase of 18% from a net operating profit of RM173.45 million reported in 3Q11.

Profit after tax for the same period was RM157.81 million, up 4% from a profit after tax of RM152.3 million reported in 3Q11. The company also continued to deliver high EBITDAR and EBIT margins of 38% and 23% respectively.

AirAsia CEO, Aireen Omar said “As the largest Low Cost Carrier in Asia, AirAsia continues to outperform each quarter with strong growth in net operating profit which has increased 18% and led to a 4% increase in profit after tax YoY. All of these were achieved despite the rise in fuel this quarter where we saw the average fuel price increased by 1% YoY.”

Aireen also highlighted, “The company’s cash position remains strong with RM2.20 billion in cash and bank balances and on top of that, we have continued to reduce our net gearing further to 1.03 times this quarter (net gearing was reported at 1.10 times in 2Q12).”

AirAsia continues to be the lowest cost carrier. Cost, measured by cost per available seat per kilometer (“CASK”) was reported at 13.51 sen, an increase of 6% YoY and CASK, ex-fuel, stood at 6.82 sen, an increase of 8% YoY. This increase was due to the rise in aircraft fuel expenses in line with the growth in capacity YoY. There was also an increase in maintenance cost as more aircraft comes in for its routine checks. To add on to that, since the third quarter last year the Company took 13 aircraft on operating lease, thus increasing the aircraft operating lease expense YoY.

On the other hand, AirAsia reported an increase of 5% in revenue per available seat per kilometer (“RASK”), which went up to 17.49 in 3Q12 from 16.67 in 3Q11. This was attributed to the growth in ticket demand despite the 7% increase in average fare.

Aireen added, “As we remain the lowest cost airline in the world, we need to maintain that cost discipline as model needs to be robust to combat any uncontrollable external factors. This is evident with the 3% increase in our ancillary income per pax from RM39 in 3Q11 to RM40 in 3Q12. We are expanding our ancillary businesses and increasing ancillary revenue as there is plenty of room to grow through various new initiatives that will be announced in the near future.”

Thai AirAsia recorded revenue of THB4.43 billion in 3Q12, up 17% from the same period last year. Thai AirAsia CEO, Tassapon Bijleveld said, “This was attributed to 22% growth in passenger volume. Operating profit went up to THB230.7 million (18% YoY), and net profit was reported at THB199.05 million, a 3% increase from THB193.63 million in 3Q11. Seat load factor rose to 82% from 80% YoY despite the 19% increase in capacity. These further cemented Thai AirAsia as the strong leader in the LCC market in Thailand.”



Indonesia AirAsia also posted very strong results this quarter. Revenue was reported at IDR1,200.4 billion, up 12% from IDR1,075.63 billion in 3Q11 attributed to 8% growth in passenger volume. Operating profit saw an impressive 715% increase to IDR138.27 billion from IDR16.98 billion reported last year. Indonesia AirAsia CEO, Dharmadi added "IAA has vastly improved YoY as most of last year it went through the various stages of phasing out the Boeing 737s. This contributed to profit after tax raising significantly to IDR74.48 from a loss of IDR25.7 billion reported during the same period last year. Load factor remained at 78% despite an 8% increase in capacity and we push ahead our turnaround story."

Outlook

On the outlook for the rest of 2012, Aireen reaffirmed that AirAsia will continue to strive to deliver strong performance in terms of both operations and financial results. She said, "The fourth quarter is predominantly our strongest quarter. We will continue to launch more routes and add more frequencies to cater to the high demand. This year, we have a total of 21 brand new Airbus A320s coming in which is being distributed among the five entities to support their growth."

"As of today, we have received 15 out of the 21 aircraft, and in December, we are looking forward to receiving our first A320 aircraft with sharklets from Toulouse. We are delighted that we are the first airline to receive this new aircraft. This in line with our low cost mantra whereby this aircraft will help us to reduce our cost further as they are approximately 3% more fuel efficient than the current ones."

On fuel prices, "Aireen said, "Fuel prices are being monitored very closely and will hedge at the opportune time."

On group updates, Group CEO Tan Sri Dr Tony Fernandes said, "As the Group take big steps to prepare for the Asean Open Skies that will commence in 2015, there have been a lot of developments across all five affiliates this quarter. Malaysia AirAsia saw the appointment of its new CEO, Aireen Omar, and Thai AirAsia had just recently moved from Suvarnabhumi Airport to its new home in Don Mueang which will see incremental cost savings in terms of airport charges and fuel. Indonesia AirAsia on the other hand, will see exciting times ahead as they move on to aggressively grow its presence domestically as well as internationally. The strategy in Indonesia is to grow organically and add in more capacity in the next few years to grow its domestic market and maintain its dominance in the international market."

In terms of the upcoming developments of the competitive landscape in Malaysia and the region, Tony said the management is confident that AirAsia will continue to retain its leadership position in the Asean LCC market. The Company had overcome many challenges in the past 10 years and saw competitors come and go while AirAsia continued to grow its capacity and market share. "We are focused and disciplined in terms of cost and our business model. We have the lowest cost base compared to other airlines in the world and it would be hard for others to replicate that. With that said, AirAsia has always welcomed competition as we believe that the Asean market is still underserved. We will defend our margins and RASK which will come from the increase in load factor, routes and ancillary income. We have used this very effectively against Malaysia Airlines and Firefly in the past."

Lastly he added, "My goal as Group CEO is to improve Thai AirAsia and Indonesia AirAsia, and to ensure profitability similar to what Malaysia has achieved. Philippines AirAsia and AirAsia Japan will be slow but there are a lot of potential in these markets. In the near term, I will continue to focus on AirAsia's three core markets - Malaysia, Thailand and Indonesia."

To cope with the increasing demand, the Group currently has a total fleet of 112 A320s and is expecting 266 more aircraft to be delivered up to 2026. The airline also is in discussions to purchase additional 100 aircraft to support the rapid growth of AirAsia in Asia.

PRESS RELEASE

Third Quarter 2012 Results



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